

**COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH**

**FACT SHEET**

**APPROVAL TO AMEND A SPECIALIZED INDIGENT ACUTE PSYCHIATRIC  
INPATIENT HOSPITAL SERVICES AGREEMENT WITH AURORA CHARTER OAK,  
LLC  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Request approval to implement a pilot project for Fiscal Year 2010-11 by amending the Specialized Indigent Acute Psychiatric Inpatient Hospital Services Agreement with Aurora Charter Oak, LLC, to establish new acute inpatient and administrative day rates for services for uninsured individuals in need of hospitalization.

**REQUEST**

1. Approve and authorize the Director of Mental Health, or his designee, to prepare, sign, and execute Amendment No. 1, which shall be substantially similar to the Attachment, to the Specialized Indigent Acute Psychiatric Inpatient Hospital Services Agreement No. MH190077 (Agreement) with Aurora Charter Oak, LLC, for Fiscal Year (FY) 2010-11 to implement a pilot project establishing new acute inpatient and administrative day rates for services for uninsured individuals in need of hospitalization. There is no change to the Maximum Contract Amount (MCA).
2. Delegate authority to the Director of Mental Health, or his designee, to prepare, sign and execute future amendments to the Agreement, provided that: 1) any revision will reflect programmatic and/or policy changes; 2) your Board has appropriated sufficient funds for all changes; 3) approval of County Counsel, or designee, is obtained prior to any such amendments; 4) the Director of Mental Health notifies your Board and the Chief Executive Officer (CEO) of Agreement changes in writing within 30 days after execution of each Amendment.
3. Delegate authority to the Director of Mental Health, or his designee, to continue to utilize the revised rate structure in the remaining fiscal years (FY 2011-12 and FY 2012-13) of the Agreement wherein Aurora Charter Oak, LLC, will request to: 1) continue the Agreement with a revised rate structure calculated by multiplying \$560.00 by the approval rate of the previous year sample for acute inpatient rates for services for uninsured individuals in need of hospitalization and a new administrative day rate calculated by multiplying \$389.13 by the approval rate of the previous year sample for administrative day rates for uninsured individuals in

need of hospitalization, or 2) revert back to the terms of the Agreement prior to the pilot project's implementation.

### **PURPOSE/JUSTIFICATION**

Board approval of the recommended actions are required to implement a pilot project to establish new acute inpatient and administrative day rates based on existing rates and the hospital's prior year's Medi-Cal hospitalization approval rate for its Medi-Cal funded inpatient beds in order to reduce administrative costs for DMH and Aurora Charter Oak, LLC. For this pilot project, the Department of Mental Health (DMH) will alter the current Treatment Authorization Request (TAR) process to reduce administrative costs for DMH and Aurora Charter Oak, LLC, by reducing the number of claims submitted to DMH for TAR reviews from 100 percent to a statistically valid sampling. Results of this sampling will not be a basis for disallowance or recoupment of funds during the contract period but may impact the next FYs bed rate. The savings realized from implementation of this pilot project will be used to increase DMH system-wide inpatient bed capacity for uninsured adults by 182 bed days annually and will be tracked through the DMH Integrated System.

The claims submitted under the Agreement are for the treatment of clients who are uninsured and the only payer is Los Angeles County. Therefore, neither the procedures required by Medi-Cal for reimbursement or the use of the State's rate guidelines apply for these clients.

### **DMH Contact:**

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### **APPROVED BY:**

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